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Letter dated 30 April 2007 from the Permanent Representative of Germany to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith the summary and conclusions from the ministerial conference on "Renewable Energy and Energy Efficiency: innovative policies and financing instruments for the European Union's southern and eastern neighbours", held under the German Presidency of the European Union in Berlin on 19 April 2007 (see annex).

I should be grateful if you would have the present letter and its annex issued as a document of the fifteenth session of the Commission on Sustainable Development.

(*Signed*) Thomas **Matussek**
Permanent Representative

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Ministerial conference held under the German Presidency of the European Union

Renewable Energy and Energy Efficiency: innovative policies and financing instruments for the European Union's southern and eastern neighbours

Berlin, 19 April 2007

Summary and conclusions

The ministerial conference on "Renewable Energy and Energy Efficiency: innovative policies and financing instruments for the European Union's southern and eastern neighbours", held under the German Presidency of the European Union, convened delegations from 35 countries, including 15 countries represented at the ministerial level, on 19 April 2007 in Berlin.

Recognizing that the world today is entering a new energy era requiring global action and cooperation, the Conference expressed growing concern over energy security, climate change and access of the poor to modern energy services. Energy security is becoming a central priority for all nations as a factor in healthy economic growth and both internal and external stability. But energy security is about more than just securing future sources of oil. It includes the diversification of energy sources, increasing domestic supply to meet the future growth in demand and strengthening efforts to reduce such demand.

Concerned about the findings on global warming and climate change and related adverse impacts such as heat waves, droughts, floods and heavy precipitation events that are described by the latest scientific findings of the Intergovernmental Panel on Climate Change (IPCC), as well as the consequences that these impacts will have for security due to increased competition for access to energy and water sources;

Committed to sustaining our natural environment and thereby the basis for economic growth and social welfare by limiting the global average temperature increase to below 2 degrees Celsius;

Aware of recent economic analyses, in particular that of Sir Nicholas Stern, indicating that the benefits of strong global early action on climate change far outweigh the economic costs of action, and also that the adverse impacts of climate change will hamper economic and social development in all countries and endanger the recent gains in poverty reduction in developing countries;

Acknowledging the need for further expansion of renewable energy, energy efficiency and access to energy;

Recognizing the efforts already made in the European Union's neighbouring countries to advance renewable energy and energy efficiency in their own countries;

Considering the increasing interdependence between energy exporting and energy consuming countries and the growing awareness in the European Union's neighbouring countries of the need for a secure and sustainable energy supply;

Acknowledging the strong contribution that renewable energy and energy efficiency make today, and will make in the future, to climate protection, energy security, job creation and economic development, particularly in rural areas;

Taking into account the dynamic growth of renewable energy in Europe and a number of the European Union's neighbouring countries and the innovative character of the industry;

The Conference discussed best practices and possible options for the future role of renewable energy and energy efficiency in the context of the main energy policy goals of sustainable development, climate change, security of energy supply and competitiveness.

The following conclusions should serve as guidance for the future direction of the European Neighbourhood Policy and the Euro-Mediterranean Partnership and also for international endeavours, e.g. the forthcoming fifteenth session of the Commission on Sustainable Development:

1. The Conference underlines the considerable potential of renewable energy and energy efficiency to help reduce energy consumption, diversify energy sources and foster sustainable development, thus providing a new vision for the European Neighbourhood Policy.

2. The Conference further encourages neighbouring countries of the European Union to support the Union's target of reducing greenhouse gas emissions by at least 20 per cent by 2020 compared with 1990 levels and by 30 per cent provided that other developed countries commit themselves to comparable emission reductions and more advanced developing countries adequately contribute in accordance with their responsibilities and respective capabilities.

3. The Conference recalls the binding target of a 20 per cent share of renewables in overall European Union energy consumption by 2020, and a 20 per cent increase in energy efficiency by the same date, and encourages neighbouring countries of the European Union to set their targets according to their capabilities. In order to meet these targets, appropriate policy instruments such as feed-in tariffs, quotas, portfolio standards and blending rules, green certificates, pool models, tax incentives, grid connection regulations and guidelines, building and energy standards and labelling should be considered. The current practice of case-by-case tendering in neighbouring countries could be replaced by a generalized promotion policy.

4. To this end, the Conference calls for long-term policies and measures and invites the European Union to support its neighbouring countries in increasing the use of renewable energy resources and energy efficiency.

5. Taking into consideration the growing demand for energy and the potential for renewable energies and efficiency gains, cross-border expansion of the electricity grid will require an intelligent European Neighborhood Policy-wide grid infrastructure. This would allow better integration of renewable energy resources, i.e. from hydropower, wind, solar energy and cogeneration units. The Conference particularly underlines the need for the large-scale promotion of promising

technology applications such as solar-thermal, paving the way for a bigger share of renewable energy in heating and cooling.

6. The Conference takes note of the prerequisites industry has identified for facilitating investment in renewable energies and energy efficiency:

- Fair pricing mechanisms;
- Grid access;
- Simplified administrative procedures;
- Public acceptance of renewable energy and energy efficiency policies and measures that are "long-term, loud and legal".

7. The Conference equally emphasizes creating an enabling environment based on a regulatory framework including cost-reflecting tariffs, grid connection agreements, building codes, standards and labelling and awareness-raising, in order to realize the great potential and economic benefits of energy savings and efficiency.

8. The Conference has noted the current common practice of energy subsidization with a social policy purpose. This practice significantly reduces the competitiveness of renewable energy and energy efficiency technologies. Policies that maintain the necessary support for energy access without hindering the growth of renewable energy and energy efficiency should be encouraged.

9. The Conference recognizes the significant potential that renewable energy and energy efficiency technologies offer for innovation and employment. In order to profit from these for their own development, the neighbouring countries are encouraged to build up local industries, which will also help equilibrate the renewable energy technology markets and bring costs down further.

10. The Conference recognizes the need for significant financial resources, both public and private, to be invested in renewable energy. This should include the use of innovative financing mechanisms, including small credit systems for renewable energy and energy efficiency technologies. The Conference recognizes the benefits that the flexible mechanisms under the Kyoto Protocol, the Clean Development Mechanism (CDM) and Joint Implementation (JI), offer for the implementation of renewable energy and energy efficiency projects. The option of using CDM and JI should not be limited to the first Kyoto period but extended beyond 2012.

11. Concerted global action to promote renewable energy and energy efficiency is needed. Cooperation on the optimization of national support schemes, exchange of best practices and technical progress through initiatives and partnerships such as REN21,[1] REEEP,[2] MEDREP,[3] JREC,[4] GVEP[5] and EUEI[6] are important in this context.

[1] REN21 — Renewable Energy Policy Network for the 21st Century.
[2] REEEP — Renewable Energy and Energy Efficiency Partnership.
[3] MEDREP — Mediterranean Renewable Energy Programme.
[4] JREC — Johannesburg Renewable Energy Coalition.
[5] GVEP — Global Village Energy Partnership.
[6] EUEI — European Union Energy Initiative.

12. The Conference recognizes the important role business and civil society play in the development of strategies to effectively move forward renewable energy and energy efficiency and their implementation.

An effective and internationally coordinated policy is needed to accelerate the development of both renewable energy and energy efficiency markets. Efforts should be channelled into finding ways and means of creating favourable conditions for investment in neighbouring countries. Cooperation should be enhanced between the European Union and its neighbouring countries to establish a framework for economic and financial partnership, based on market economic principles and the integration of economies that takes into account the needs of all countries.